

**SENATE AND HOUSE  
JOINT JOURNAL SUPPLEMENT**

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**January 22, 2019**

**Tuesday**

**No. 1**

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**State of the State**

**by**

**The Honorable Michael J. Dunleavy**

**Governor**

**State of Alaska**

**Before a Joint Session**

**of the**

**First Session of the**

**Thirty-First Alaska State Legislature**

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**January 22, 2019**

**Juneau, Alaska**



**The following was submitted for publication:**

Thanks, everyone for your gracious welcome. I truly appreciate it. It's been just seven weeks since I took the oath of office to become the twelfth Governor in the history of our young state.

I'm here today because of the people of Alaska, who put their faith in me and in my vision, for our great state.

Too often leaders seem to forget a simple truth: Government gets all of its authority from the people.

The Court system has no power – except what the people give.

The Legislature has no power – except what the people give.

The Governor has no power either– except what you, the people of Alaska, give.

This evening, as I stand before the people of Alaska, delivering my first State of the State Address, I reflect on where we are as a state, the opportunity before us, and what this point in history means for Alaska.

Before I continue, I'd like to take a moment and introduce members of my administration. I would ask them to please stand. Thank you all very much.

And now I'd like to introduce someone who is very special to me: my wife of 31 years, the First Lady Rose Dunleavy. Rose is from Northwest Alaska and we were married in the wonderful city of Nome. We have three independent, free-spirited, and very self-reliant daughters: Maggie, Catherine, and Ceil Ann, who love Alaska as much as we do.

Like many Alaskans, I enjoy the outdoors, hunting, fishing, and the boundless adventures and opportunities our great state has to offer. Yet, I'm a man who chose education as a career, because I love helping kids and I love learning and teaching.

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I'm not a career politician. I've only been in politics for eight short years -- three of those years as a school board member, and five years as a state senator.

I've always wanted to help people. This is why I went into politics. Last year, I followed my heart and my gut, and decided in order to change the course of our great state, that I would run for governor. And so, I did. And then I was elected.

How did this retired teacher get elected governor? Was it my social graces and charm? Not really. If you ask, me, I'd say the other candidates were much better connected in the social circles, better looking, and far more charming.

Was it my eloquent speeches or my debating skills? Not really. If you ask me, I'd say all the other candidates were smoother and better debaters.

Was it because I was the tallest? Well, I do stand out in the crowd a bit, but I don't think that was it either.

I'm Governor today because of the campaign promises I made to the people of Alaska on the issues most of us believe in. I'm here to do exactly what I promised to do, what I told Alaskans I would do.

So, here it is:

- We're going to declare war on criminals.
- We're going to get our spending in line with our revenue. This has to be done.
- We're going to protect Alaskans' Permanent Fund dividends.
- We're going to grow our economy and put Alaskans to work.
- And we must restore public trust in government and elected officials.

That's what my plan was last year, and that's my plan now.

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But before I could be sworn in, our world shook. As we know, the second-most damaging earthquake in Alaska's history struck Southcentral Alaska on November 30, 2018, with over \$100 million in damages.

Within hours of the quake, I was down at the State Emergency Operations Center, assessing the situation. I want to thank Governor Walker for working with my team during the process.

Last month I met with President Trump and had the opportunity to brief him on the earthquake damage and recovery efforts. The President confirmed his strong support. And the congressional delegation and I will work together to hold the federal government to its commitment.

This is an example of Alaskans coming together to solve significant problems.

We all feel a deep sense of gratitude to the men and women who served as emergency responders. They are Alaskan heroes. There were countless examples of Alaskans who made us proud: Hospital employees were ready to treat the injured. School teachers kept kids safe and evacuated them from unsafe buildings. And contractors rushed to repair damage to roads and buildings in record time.

Neighbors helping neighbors. That's what Alaska is all about.

A perfect example of this are two middle schoolers we have with us today: Tor Petersen and Kayana Marquiss. For them, it started out like any other day. And then it hit. When the quake struck and their school began to shake violently, they knew this was serious.

Relying on what Tor was taught by his amazing teachers, he immediately sought safety. But he soon realized one of his classmates needed help. Putting his own safety aside, Tor proceeded to do what heroes do. He took immediate action, grabbed ahold of Kayana and led her to the safest part of the room.

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I would ask Tor and Kayana to please stand and be recognized. You two exemplify what the spirit of Alaska is all about. I want to thank you both for reminding us that in a time of crisis how good all of us can be to each other.

That day, Alaskans demonstrated to the world our resiliency. Alaskans were at their finest.

It was a perfect example that together we can overcome anything; that together we will make our streets safe again; that together we will build a permanent fiscal plan; that together, we will protect the Permanent Fund dividend for generations to come. That together, we will restore the trust of the Alaskan people in their government and their elected officials.

I promised during the campaign to follow the law on the PFD. And that's exactly what we should do. Alaskans' PFDs should be paid in full using the law that has worked for decades, and the PFD should be protected in the Constitution, now and for the future.

Last week, I introduced two bills for the back-pay owed to Alaskans on their PFDs. I urge you to act swiftly on those bills. Every penny of that PFD money due Alaskans is sitting in the Earnings Reserve Account, and is available for distribution.

Let's act now and put this issue behind us once and for all.

\* \* \* \*

Now let's talk about creating a real, honest budget.

Alaskans believe our state budget process is a mess. There is simply no other way to describe it.

Why is it a mess?

Because our government spending far exceeds the revenue we take in. Kicking the can down the road for years, wiping out billions from savings, and then taxing the PFD, all the while just hoping for another oil boom -- it simply doesn't work.

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The days of creating a “wish list” budget, where Alaska is more like a reality show -- make a wish, have your dream come true -- that just isn’t real life.

The days when anything and everything is just too important not to fund, and where politicians spend their time looking for ways for you to pay for it? Those days have got to be over. We can no longer spend what we don’t have.

We are now preparing a budget that for the first time all Alaskans will be able to understand and trust. No more games, no more shuffling numbers. Just an honest, straightforward look at where we are.

While no one person is to blame, Alaskans will quickly see that we’ve been spending wildly beyond our means for years. Our children and grandchildren deserve better.

In order to get a handle on the budget, one of my first administrative orders was to centralize the budget-making functions of all departments under the Office of Management and Budget.

My administration will be focused on the basic functions of government, while realigning programs and operations to eliminate duplication and prioritize each agency’s core mission.

My first budget is going to be an honest budget. As I promised the people, we must start from the standpoint that expenditures must equal revenue. We can’t go on forever using savings to plug the budget gap.

But that’s only part of the solution. In order to address the fiscal issues that have plagued our state for years, we need a permanent fiscal plan, a plan that will put our state on solid footing for decades to come.

To be fair, this isn’t a new struggle for our state, we’ve struggled with this before. When Alaska first became flush with oil money from Prudhoe Bay, many were focused on spending as much as possible.

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However, there were some in the Legislature, even back then, who were concerned about where we were headed.

I'd like to take a moment to introduce Dick Randolph from Fairbanks. Dick is a former teacher, an insurance agent and a retired legislator, who in the 1970s and early 1980s had the foresight to understand that the people of Alaska, through constitutional amendments and the initiative process, could help us control our spending and develop a sustainable fiscal plan.

Enlightened legislators, such as Representative Randolph, trusting the people of Alaska, put forth a number of constitutional amendments, including the Permanent Fund, to try to bring order to the spending mania.

Representative Randolph, please stand. I want to thank you for your foresight and wisdom, coupled with the belief that the people, individual Alaskans, through constitutional amendments, are the key to securing Alaska's future. Thank you, Dick.

And for those of us in the room today, we have an opportunity to work together and complete the process those enlightened legislators started many decades ago.

Therefore, next week I will introduce three constitutional amendments, which will be the foundation of a permanent fiscal plan.

If we wish to win the people's trust, we must trust the people. This fiscal plan is empowered by the people, for the people:

First, a spending limit and savings plan that will keep politicians from spending every penny we have, one that allows us to save excess revenue when possible for future Alaskans.

Second, there should be no change to the PFD without a vote of the people.

The third constitutional amendment will call for no change in taxes without a vote of the people.

These three constitutional amendments will require that both the people of Alaska and their elected officials work closely together to secure our future. The people are the key to a permanent fiscal plan. Without the people's support, any plan put in place by the Legislature will always be in doubt.

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Another key component in securing Alaska's future are investments and jobs. Politicians often talk about policies and laws, but what Alaskans really care about, are jobs, opportunities, and individual freedoms. With jobs come independence, self-reliance, self-respect, thriving communities, and hope for the future.

There's no doubt our economy is struggling. There's no doubt when people don't have opportunities, hope fades.

While the rest of the country's economy has been booming for years, Alaska remains mired in recession with the worst unemployment rate in the nation. Let that sink in for a moment.

I will be a relentless advocate for turning this around. I've said that we're going to make Alaska "open for business" – and that's exactly what we're going to do.

We often talk about diversifying the economy. The irony is, years ago, some would say Alaska had more of a diversified economy than we do today. We had more Alaskans engaged in commercial fishing, mining, agriculture, and a once-robust timber industry.

However, since Prudhoe Bay came online, we have become more narrowly focused on oil and government programs as the basis for our economy, while neglecting other opportunities that could create more jobs and wealth for our state.

For Alaska to fully realize our potential, including our location on the globe, our vast resources, and unbridled quality of life, we must look to other industries and investments to come to Alaska.

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As a result, we have put together a team that will market Alaska to the world. It's a team of experts with backgrounds in finance, marketing, and research that will inform investors, industries, and individuals that Alaska is open for business and we want new business here.

- Our location on the globe is a distinct advantage.
- The third-busiest cargo hub in the world is also an advantage to doing business here in Alaska.
- Our proximity to Asia and Europe is an advantage.
- Our quality of life is a distinct advantage as well.

Alaska doesn't have to be just a resource state. We have so much more to offer. It is my goal to be able to report to you in the near future about all of the new industries coming to Alaska, because of these efforts.

For those who have little hope that Alaska can diversify its economy, we need only to look to two small Alaskan companies that, through good old-fashioned capitalism and entrepreneurship, created thriving businesses right here in our state. One of these businesses, Triverus, is located in Palmer and owned by Hans Vogel.

His company was awarded a contract by the Department of Defense for a machine that cleans the decks of the entire U.S. aircraft carrier fleet. These machines are designed, engineered, and manufactured right here in Alaska and shipped all over the world. He does this with no tax credits or subsidies from the state.

I repeat -- no tax credits and no subsidies from the state government.

Another company thriving here in Alaska is Bambino's Baby Food, owned by Zoi Maroudas. She noticed customers were not happy with the quality of baby food available -- and Zoi responded. She started the company right here in Alaska and now employs 25 Alaskans. By the end of this month, she plans to begin exporting to Asia.

This is what I am talking about. This is the future of Alaska.

Zoi and Hans, you both demonstrate to us all that there are boundless opportunities for Alaska to diversify our economy. Zoi is in the gallery tonight and I would ask her to stand. Hans is unfortunately weathered out of Juneau this evening. I want to thank you both for the example you have set for Alaska.

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While all of these initiatives I've presented so far are critical to securing Alaska's future, in the end, our primary responsibility and the most important thing a government can do is keep its citizens safe.

We all know crime is out of control. Everyone in this room has either been affected by crime or knows someone who has.

And when it comes to sexual assault, Alaska stands alone. Our sexual assault rate is the highest in the nation.

To put this in perspective, New York City has a sexual assault rate of 28 incidences per 100,000 people. Compare this to Anchorage, which has 132 sexual assaults per 100,000 people. That's almost five times that of New York City. Let that sink in.

This is an outrage. Plain and simple. The women and children of Alaska, must be made safe, and we have an obligation, all of us in this room, to do everything we possibly can to stop this scourge in Alaska. We can no longer stand by and allow this to be the reality that faces Alaskans every day.

In addition to sexual assault, our murder rate is horrific. Tonight, I would like to recognize two Alaskan families who know firsthand the personal devastation that comes from violent crime. Edie and Ben Grunwald from Palmer, who lost their son David; and Scotty and Aaliyah Barr from Kotzebue, who lost a daughter and a sister, Ashley.

Unfortunately, we all know their tragic stories too well -- two beautiful young Alaskans taken from their families by individuals who have no regard for human life.

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Scotty and Aaliyeah Barr are here with us tonight, I would ask them to please stand. The Grundwald family was unfortunately unable to make it due to weather. Thank you having the strength to be here with us tonight.

Edie, Ben, Scotty, and Aaliyah, I speak for all of those here today, and every Alaskan: We are heartbroken and mourn with you over this senseless loss. Nobody should have to go through the devastation and pain you have endured. But know this, the loss of Ashley and David has mobilized Alaska. Your loss is going to be the catalyst that will push us forward into a safer Alaska.

And I say to you, and to everyone, today begins a new day in our state. From this day forward, we will not cater to the criminals and ignore the victims. We will not make excuses and turn a blind eye. I ask everyone in this room tonight – and across Alaska -- to join in making Alaska the safest state in the country.

There is a lot that government should not do, cannot do, or does not do well. But the most important thing a government must do is keep its people safe. History will judge those of us in this room tonight on how we respond to this crisis. At what point do we say enough is enough? I say that time is now.

Therefore, we will expend the necessary resources for additional State Troopers, provide more local control, and more prosecutors. We will ensure that our courts will remain open five full days a week in order to hear cases. We will provide the focus and the resources necessary to combat the scourge of opiates and other illicit drugs driving up our crime rates and ruining lives.

And we will repeal and replace SB 91. A series of bills and initiatives to be introduced tomorrow will not only roll back SB 91 but will help Alaska turn the corner to a safer tomorrow.

To our legislators, I'm asking you to make public safety a priority and move forward with due diligence on reviewing and considering this public safety package.

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To law-abiding Alaskans, I say this to you: I care if your house is burglarized. I care if your car is stolen. And I care if your loved ones are threatened.

But to the criminals, and to the rapists and molesters who see women and children as nothing more than opportunities, I say this to you: We will do everything in our power to stop you, apprehend you, and put you in prison for a very long time.

For those Alaskans who have made a mistake and have gotten involved with opiates or other drugs and want help, we are a compassionate people as well. Therefore, as part of our public safety approach we will provide ways for you to break this habit and get back into society and be productive individuals.

But let me be perfectly clear. If you are a criminal, this is going to be a very dangerous place for you, starting now. I strongly suggest you get out while you can. No more coddling, no more excuses. Your days are over.

I'm going to go to great lengths to make sure we are safer, and you will see that reflected in my budget.

With SB 91, we broke the people's trust and now is the time to restore it. By doing the right things, we can fix what is broken and restore the trust that was lost.

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I'm here to serve the people of Alaska. I'm here to work with you, the Legislature. I'm here because, like all of you, I believe in this great state. I'm here tonight because Alaskans want to chart a different course. I've made promises that I intend to keep.

We're all part of the greatest experiment in self-government in the history of the world: A government by the people, for the people and of the people. As for me, that in part means this:

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That all the special interests, all the political insiders, all those used to manipulating government and policy for their own benefit -- this is just not your time.

I promise you now, what I promised during the campaign. Things will be different; things will be very different. Together we are tasked with righting the wrongs that have broken the trust of the Alaskan people. And I'll work with all my energy, dedication, and ability to do exactly what I promised you I would do.

I look forward to working with each and every one of you in this room. No more of the tired old approaches:

- We must reduce senseless crime.
- We must balance our budget.
- We must protect the PFD.
- We must grow our economy and put Alaskans back to work.

And by doing this the Alaskan people will once again trust their leaders.

Thank you for allowing me to speak to you this evening.

God bless you, and God bless the great State of Alaska.

Sincerely,

/s/

Michael J. Dunleavy  
Governor

**Please report corrections to the Senate Secretary's office.**